



THE UNIVERSITY OF
TOLEDO

University of Toledo

Finance and Audit Committee

FY2019 Internal Audit and Compliance Risk Assessment

David L. Cutri, CPA, CISA, CIA

Executive Director of Internal Audit/Chief Compliance Officer

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FY2019 Internal Audit and Compliance Risk Assessment

Each fiscal year, the Internal Audit and Compliance department assesses the impact and likelihood of occurrence of over 900 business risks in over 90 key business processes in the University. These key business risks are summarized in this Risk Assessment document.

Through an assurance mapping process, we ensure that these risks will be reviewed during the fiscal year, either via the FY2019 Internal Audit Plan, or by the University's various compliance officers, in cooperation with other assurance providers, such as: line management and employees (management provides assurance as a first line of defense over the risks and controls for which they are responsible); senior management; external auditors; quality assurance professionals; risk management; environmental auditors; workplace health and safety auditors; government performance auditors; financial reporting review teams; subcommittees of the Board of Trustees; and external assurance providers, including surveys, specialist reviews (health and safety), etc.



FY2019 Internal Audit and Compliance Risk Assessment

KEY RISK AREAS

BUSINESS RISK

PLANNED ACTIVITY

ASSET AND RISK MANAGEMENT

- May individuals be exposed to unhealthy contaminants or physical harm?

- Review procedures and controls pertaining to Environmental Health and Safety
- 2-Year Review Cycle

AUXILIARY AND SERVICE DEPARTMENTS

- May information systems and IT support be inadequate to meet business needs--information relating to student athletes, revenues, expenses, National Collegiate Athletics Association (NCAA) compliance, etc.?

- Review procedures and controls pertaining to Athletics (NCAA), such as NCAA “Agreed-Upon Procedures” (internal audit)
- Annual Review Cycle

- May illegal download by students of copyrighted material occur using university network?

- Review procedures and controls pertaining to Housing
- Annual Review Cycle

- May there be a failure to meet federal, state, and local tax laws, including Internal Revenue Service and sales tax compliance?

- Review procedures and controls pertaining to Auxiliary Enterprises Administration
- Annual Review Cycle

- May there be a failure to meet customer expectations/provide high-quality academic support services?

- Review procedures and controls pertaining to the Bookstore
- Annual Review Cycle

- May poor recordkeeping occur--e.g., daily activity logs, information on crimes reported?

- Review procedures and controls pertaining to University Police
- 2-Year Review Cycle

- May there be a failure to manage partnerships to provide recreational and athletic opportunities for students?

- Review procedures and controls pertaining to Recreation and Athletic Centers (internal audit)
- 2-Year Review Cycle

- May there be ineffective cash management including cash, checks, and payment cards?

- Review procedures and controls pertaining to the Special Events Center
- 4-Year Review Cycle



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BUSINESS RISK

PLANNED ACTIVITY

FINANCIAL MANAGEMENT

<ul style="list-style-type: none"> • May there be a failure to oversee the budgeting process including tracking of expenditures and monthly and quarterly reviews of budget versus actual? 	<ul style="list-style-type: none"> • Review procedures and controls pertaining to <u>Financial Management Operations</u> • Annual Review Cycle
<ul style="list-style-type: none"> • May endowment funds not be expended in accordance with donor agreements and donor contributions not be maximized? 	<ul style="list-style-type: none"> • Review procedures and controls pertaining to <u>Accounting</u> • Annual Review Cycle
<ul style="list-style-type: none"> • May there be significant discrepancies between inventory records and State Property Accounting records? 	<ul style="list-style-type: none"> • Review procedures and controls pertaining to <u>Capital Asset Depreciation</u> • Annual Review Cycle
<ul style="list-style-type: none"> • May there be a failure to make accurate and prompt payments to retirement and insurance vendors and other outside entities? 	<ul style="list-style-type: none"> • Review procedures and controls pertaining to <u>Payroll</u> overpayments (internal audit) • Annual Review Cycle
<ul style="list-style-type: none"> • May there be inefficient management of payment, such as: actual amount payable, purchase discounts, sales tax, credits, etc.? 	<ul style="list-style-type: none"> • Review procedures and controls pertaining to <u>Accounts Payable</u> • Annual Review Cycle
<ul style="list-style-type: none"> • May financial records be inaccurate/amounts may be deposited to the wrong funds? 	<ul style="list-style-type: none"> • Review procedures and controls pertaining to <u>Revenue</u> • Annual Review Cycle
<ul style="list-style-type: none"> • May expenses not be managed to maximize return and ensure integrity and liquidity of assets? 	<ul style="list-style-type: none"> • Review procedures and controls pertaining to <u>Expenses</u> (travel, purchase card, etc.) (internal audit) • 2-Year Review Cycle
<ul style="list-style-type: none"> • May data relating to cash transactions be improperly created, altered or deleted? 	<ul style="list-style-type: none"> • Review procedures and controls pertaining to <u>Cash Handling</u> • 5-Year Review Cycle



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GOVERNANCE AND LEADERSHIP	<ul style="list-style-type: none"> • May there be a failure to have a strategic and long-range planning process to develop the long-term goals and objectives that impact university contracts? 	<ul style="list-style-type: none"> • Review procedures and controls pertaining to <u>Strategic Financial Management</u> • Annual Review Cycle
	<ul style="list-style-type: none"> • May institutional policies and procedures not be current or easily assessable and understood by faculty and staff? 	<ul style="list-style-type: none"> • Review procedures and controls pertaining to <u>Governance</u> • 2-Year Review Cycle
	<ul style="list-style-type: none"> • May contracts be executed by unauthorized individuals or for unauthorized activities? 	<ul style="list-style-type: none"> • Review procedures and controls pertaining to <u>Legal</u> • 3-Year Review Cycle
HOSPITAL AND PATIENT CARE	<ul style="list-style-type: none"> • May the facility not have proper licenses/ renewal of licenses? 	<ul style="list-style-type: none"> • Support <u>Hospital General Administration</u>, including providing data support for certain UTMC regulatory filings • Annual Review Cycle
	<ul style="list-style-type: none"> • May there be a lack of an adequate system to analyze incidents and develop institutional memory? 	<ul style="list-style-type: none"> • Review procedures and controls pertaining to <u>Patient Care</u> • Annual Review Cycle
	<ul style="list-style-type: none"> • May inaccurate coding occur (e.g. over/under coding; incorrect category; incorrect/missing modifier)? 	<ul style="list-style-type: none"> • Review procedures and controls pertaining to <u>Charge Capture and Collection</u> (co-sourced internal audit) • Annual Review Cycle
	<ul style="list-style-type: none"> • May non-compliance occur with Federal Regulations for research billing - clinical trials? 	<ul style="list-style-type: none"> • Review procedures and controls pertaining to <u>Compliance</u> • Annual Review Cycle
	<ul style="list-style-type: none"> • May there be conflicts of interests - Employees/Contractors with authority/influence for purchasing? 	<ul style="list-style-type: none"> • Review procedures and controls pertaining to <u>Hospital Equipment and Supplies</u> • Annual Review Cycle
<ul style="list-style-type: none"> • May there be a failure to ensure all healthcare workers (e.g. contractors and temps) have appropriate immunizations? 	<ul style="list-style-type: none"> • Review controls pertaining to <u>Hospital Human Resources</u>, including I-9 onboarding and Family and Medical Leave Act (internal audits) • 2-Year Review Cycle 	



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PLANNED ACTIVITY

INFORMATION TECHNOLOGY

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| <ul style="list-style-type: none"> • May there be a lack of a process for managing the configurations to account for all IT components, prevent unauthorized alternations, verify physical existence, and provide a basis for sound change management? | <ul style="list-style-type: none"> • Review procedures and controls pertaining to <u>IT Daily Operations</u> • Annual Review Cycle |
| <ul style="list-style-type: none"> • May there be a lack of a process for acquiring and maintaining technology infrastructure to provide appropriate platforms for supporting business applications? | <ul style="list-style-type: none"> • Review procedures and controls pertaining to <u>IT Strategic Planning and Governance</u> • 2-Year Review Cycle |
| <ul style="list-style-type: none"> • May there be a failure to plan, implement, or maintain quality management standards and systems that provide for distinct development phases, clear deliverables, and explicit responsibilities? | <ul style="list-style-type: none"> • Review procedures and controls pertaining to <u>IT Customer Service</u> • 2-Year Review Cycle |
| <ul style="list-style-type: none"> • May there be a lack of a process for installing and accrediting systems to verify and confirm that the solution is appropriate for the intended purpose? | <ul style="list-style-type: none"> • Review procedures and controls pertaining to <u>IT Development and Research</u> • 2-Year Review Cycle |

INSTRUCTION AND ACADEMIC SUPPORT

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| <ul style="list-style-type: none"> • May there be an inability to admit most qualified students due to legislatively restrictive requirements? | <ul style="list-style-type: none"> • Review procedures and controls pertaining to <u>Instruction</u> • Annual Review Cycle |
| <ul style="list-style-type: none"> • May allocation of resources among academic programs and budgeting not reflect institutions priorities and is not equitable? | <ul style="list-style-type: none"> • Review procedures and controls pertaining to <u>Academic Administration</u> • 2-Year Review Cycle |
| <ul style="list-style-type: none"> • May there be a failure to maintain appropriate immigration status for faculty, scholars and staff? | <ul style="list-style-type: none"> • Review procedures and controls pertaining to <u>International Affairs</u> • 5-Year Review Cycle |



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MARKETING AND COMMUNITY RELATIONS	<ul style="list-style-type: none"> • May policies and procedures regarding employee contact with the media not be adequate or not be properly communicated to all employees? 	<ul style="list-style-type: none"> • Review controls pertaining to <u>External Services</u>, including Eberly Center for Women (internal audit) • 4-Year Review Cycle
COLLEGE OF MEDICINE	<ul style="list-style-type: none"> • May there be a failure to define faculty criteria for teaching, research, and clinical practice activities? 	<ul style="list-style-type: none"> • Review procedures and controls pertaining to <u>Medical Education</u> • 3-Year Review Cycle
PLANT OPERATIONS AND MAINTENANCE	<ul style="list-style-type: none"> • May there be a failure to align campus master plan with institution's goals and objectives? 	<ul style="list-style-type: none"> • Review procedures & controls pertaining to <u>Physical Plant Administration</u>, including ADA follow-up (internal audit) • Annual Review Cycle
	<ul style="list-style-type: none"> • May there be maintenance projects which are unnecessary or projects for which there is no budget being performed? 	<ul style="list-style-type: none"> • Review procedures and controls pertaining to <u>Building Maintenance</u> • 2-Year Review Cycle
PURCHASING AND WAREHOUSING	<ul style="list-style-type: none"> • May purchases, including individual and standing purchase orders, not follow established approval processes? 	<ul style="list-style-type: none"> • Review procedures and controls pertaining to <u>Purchasing</u> • 3-Year Review Cycle
RESEARCH AND DEVELOPMENT	<ul style="list-style-type: none"> • May financial reports be inaccurate/contain invalid data/not be submitted on time/inability to produce reports directly from the financial accounting system? 	<ul style="list-style-type: none"> • Review controls pertaining to <u>Grants Accounting</u>, including detailed reviews of selected grants (internal audit) • Annual Review Cycle
	<ul style="list-style-type: none"> • May grant funds be used to purchase assets for other grants or non-grant work? 	<ul style="list-style-type: none"> • Review procedures and controls pertaining to <u>Facilities and Equipment-Research</u>, including auditing a sample of projects (internal audit) • 2-Year Review Cycle
	<ul style="list-style-type: none"> • May there be a violation of Office of Foreign Asset Control (OFAC) or other sanctions and embargoes by providing services, goods, or anything else of value to countries and/or persons on the OFAC country and/or Specially Designated Nationals lists without license? 	<ul style="list-style-type: none"> • Review procedures and controls pertaining to <u>Research – Financial</u> activities, including the use of gift cards in research activities (internal audit) • 3-Year Review Cycle



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PLANNED ACTIVITY

STUDENT AFFAIRS

<ul style="list-style-type: none"> • May there be an over- or under-award of institution-wide funding due to uncertainty of funding levels? 	<ul style="list-style-type: none"> • Review procedures and controls pertaining to <u>Financial Aid</u> • Annual Review Cycle
<ul style="list-style-type: none"> • May strategic plans fail to adequately address student growth? 	<ul style="list-style-type: none"> • Review procedures and controls pertaining to <u>Admissions</u> • Annual Review Cycle
<ul style="list-style-type: none"> • May there be a failure to respond adequately to a campus emergency? 	<ul style="list-style-type: none"> • Review procedures and controls pertaining to <u>Health Services</u> • Annual Review Cycle
<ul style="list-style-type: none"> • May there be a failure to maintain clean, safe, and functional facilities? 	<ul style="list-style-type: none"> • Review procedures and controls pertaining to <u>Dining</u> • Annual Review Cycle
<ul style="list-style-type: none"> • May there be a failure to comply with changing regulatory requirements? 	<ul style="list-style-type: none"> • Review procedures and controls pertaining to <u>Enrollment Management</u> • 3-Year Review Cycle
<ul style="list-style-type: none"> • May there be a failure to be competitive with external businesses? 	<ul style="list-style-type: none"> • Review controls over <u>Student Services Administration</u>, including services delivered to students and cash collected from students (internal audits) • 3-Year Review Cycle
<ul style="list-style-type: none"> • May there be a failure to provide a user friendly student service infrastructure? 	<ul style="list-style-type: none"> • Review procedures and controls pertaining to <u>Student Centers and Activities</u> • 4-Year Review Cycle
<ul style="list-style-type: none"> • May a supplier or contractor fail to comply with service contract terms and conditions.? 	<ul style="list-style-type: none"> • Review procedures and controls pertaining to <u>Counseling Services</u> • 5-Year Review Cycle

